



Investment Choice

June 2025



This document provides Saskatchewan Pension Plan (SPP) members with information regarding the investment options available from the Plan. It should not be interpreted as investment advice. If you would like further information on the Plan or our products please call 1-800-667-7153. For financial advice, contact a qualified financial advisor.

Overview

SPP offers two investment funds – a Balanced Fund (BF) and a Diversified Income Fund (DIF). With these funds, members have the option to invest in one fund or a combination of the two funds. This document provides a brief explanation of the risk levels and expected returns.

Members are permitted, but not required, to choose how to direct their contributions in the Plan's funds. The default fund is the BF – if a member does not give us direction, contributions are deposited to the BF. Since its inception in 1986, SPP has offered the BF for member investments. The DIF allows members to reduce their risk by investing in diversified sources of income.

How are the funds different?

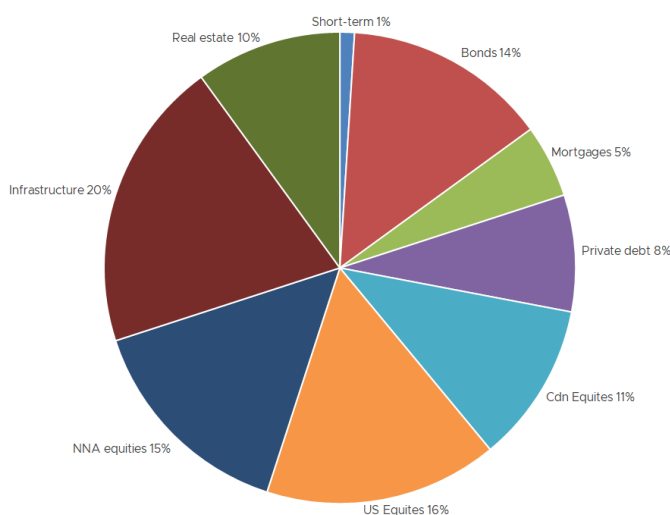
Each investment option has a different risk/return profile. The two options differ in both investment strategies and structure. Some of the key variances are explained below.

Balanced Fund

The objective of the BF is capital accumulation – growing member accounts to provide income to members at retirement in a prudent, risk-controlled manner. The BF diversifies investments between several asset classes including bonds and mortgages, equities, private debt, infrastructure, real estate and short-term investments. It is broadly diversified by asset class, by country and by investment manager. It is the Plan's original investment fund and is also the default fund for members who do not give us direction.

SPP'S BF BENCHMARK PORTFOLIO

The BF is expected to produce moderate long-term growth and occasional short-term losses. The BF is managed by four external investment managers who are responsible for a variety of investment mandates.



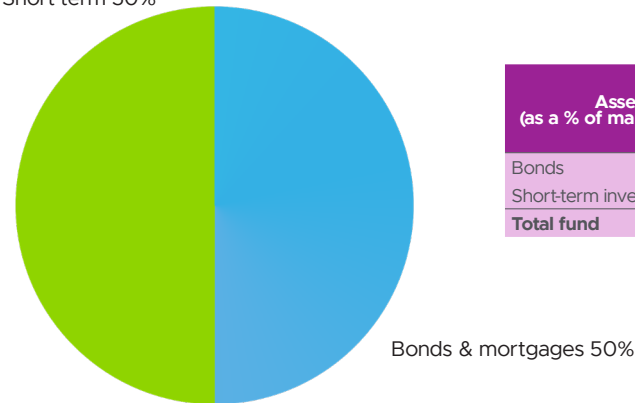
Assets (as a % of market value)	Minimum %	Benchmark %	Maximum %
Equities			
Canadian	3.0	10.0	17.0
U.S.	8.0	15.0	22.0
Non-North American	8.0	15.0	22.0
Total equities	25.0	40.0	55.0
Alternatives			
Canadian real estate	0.0	10.0	20.0
Infrastructure	0.0	20.0	30.0
Total alternatives	0.0	30.0	40.0
Fixed income			
Bonds	4.0	14.0	30.0
Mortgages	0.0	5.0	10.0
Private debt	0.0	10.0	20.0
Short-term investments	0.0	1.0	10.0
Total fixed income	15.0	30.0	45.0
Total fund		100.0	

Diversified Income Fund

The objective of the DIF is to reduce risk by investing in diversified sources of income, allowing members, especially as they near retirement, to reduce their equity exposure. The DIF is invested in Canadian money market, bonds and mortgages and is expected to provide a measure of protection from interest rate and credit risk. One investment manager manages the DIF.

SPP'S DIF BENCHMARK PORTFOLIO

Short-term 50%



Assets (as a % of market value)	Minimum %	Benchmark %	Maximum %
Bonds	40.0	50.0	60.0
Short-term investments	40.0	50.0	60.0
Total fund		100.0	

Growth potential comparisons

The following chart shows the actual return of SPP's BF and DIF* over the past 10 years.

Rate of return



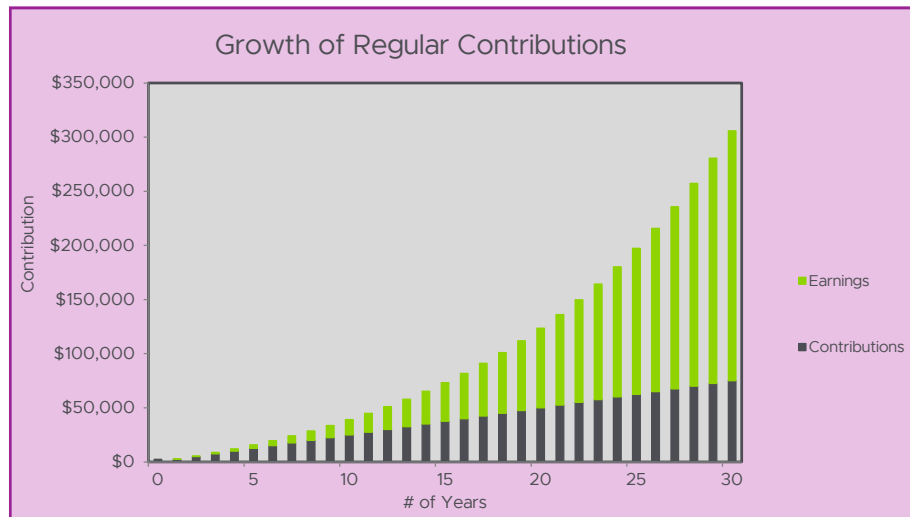
Comparison of SPP BF and DIF* return over the past 10 years.

* Established January 1, 2020.

Investment growth

See how your investment could grow with time, regular contributions and the power of compound interest. An annual return of eight per cent and annual contributions of \$2,500 were used to calculate the growth for this long-term investment. There is no minimum or maximum annual contribution (within RRSP limits)**. SPP is a specified pension plan, not an RRSP. Contributions are locked-in until age 55.

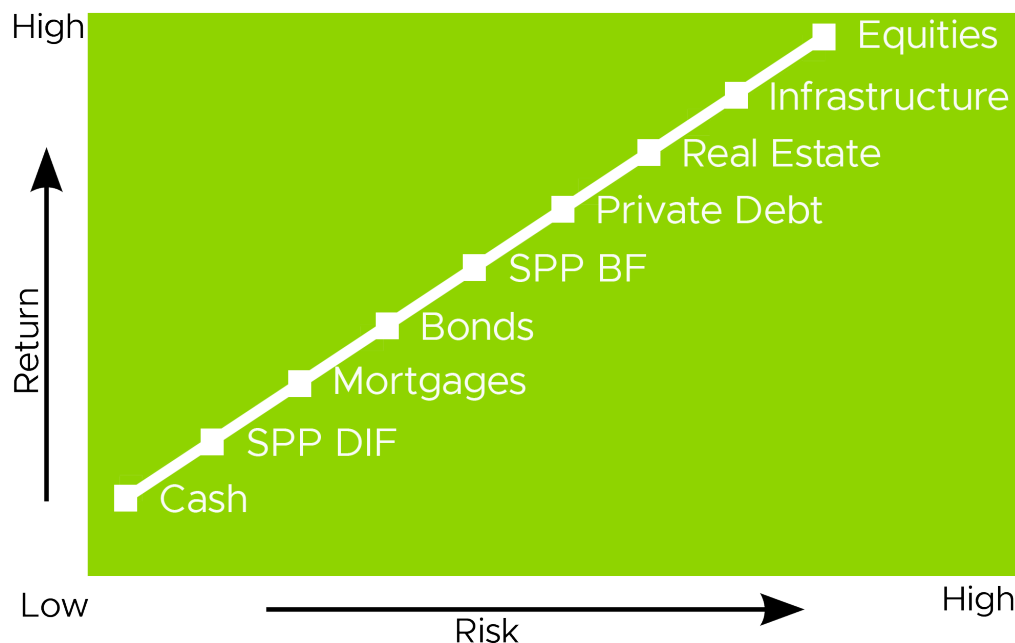
The BF has earned over 7.8% since inception (39 years). The DIF earned 1.5% from 2020 to 2024.



**Must have available RRSP contribution room to contribute. Refer to your RRSP deduction limit statement on your most recent CRA Notice of Assessment.

Deciding where to invest

Every investment opportunity has some risk associated with it. The chart below illustrates the risk vs. return potential for various types of investments. Part of your investment choice decision is based on where your comfort level is on the risk/return continuum. SPP's BF will have more fluctuation in the returns on a monthly basis; however, over the long term it should provide a higher return than the DIF. The DIF will fluctuate less, but the long-term average return will likely be lower than the BF.



Investment choice is not a one-time decision nor is it an all or nothing event. You could opt to have a portion of your account in each fund. You are encouraged to evaluate your investment needs and risk tolerance regularly and adjust your investment as required.

Which fund should you choose?

To answer this question you have to gauge what level of risk you are willing to accept in a given investment. Factors that will influence your decision may include your investment goals and retirement time line. Your investment choice can include one or both funds at a ratio that fits your investment comfort.

Here are some questions to answer when choosing between the BF and the DIF:

BALANCED FUND

- Is my main investment goal to seek higher returns and build up the value of my account significantly?
- Do I prefer a mixed portfolio of stocks, bonds and short-term investments?
- How long do I have until I retire? Is it a moderate to long-time horizon?
- If my pension plan takes an unexpected loss, do I have enough time to recover from it before I retire?
- Am I comfortable with risk in my portfolio?
- Can I tolerate a moderate short-term loss and remain focussed on my long-term goals?

“I am a long-term investor who can comfortably tolerate a moderate level of risk and can accept a short-term loss along the road to long-term gains. My goal is to steadily increase my account balance through consistently investing in a balanced portfolio over a long period of time.”

DIVERSIFIED INCOME FUND

- Is my main investment goal to reduce risk by investing in short-term, bonds and mortgages?
- Am I willing to pursue a smaller return in exchange for less investment risk?
- How long do I have until I retire? Is it a short time horizon?
- If my pension plan takes an unexpected loss, do I have only a short amount of time to recover from it before I retire?
- Do I need more certainty in my portfolio?
- Will a moderate short-term loss seriously jeopardize my future plans?

“I am a short-term investor who can willingly trade the opportunity for higher earnings for a less risky investment. My goal is to reduce risk by investing in diversified sources of income. I am less concerned about earning a high rate of return.”

It is a good practice to re-visit these questions periodically to monitor your investments. Doing this will ensure that you are still matched with the correct fund. If any of your answers to these questions change, consider whether you want to remain in the fund or whether a switch would be more suitable. You may wish to seek the guidance of a financial professional for assistance in making your decisions.

How to transfer existing funds or direct future contributions.

If you wish to change your investment choices, you will need to complete the Transfer and Investment Instructions form available from SPP's website or by calling the toll-free line.

Your transfer instructions must be received by SPP in writing five (5) business days before the end of the month. Requests received after the monthly deadline will be processed on the next available transfer date. Your first two transfers in the calendar year are free. Subsequent transfers in the year will be subject to a \$50 fee. The minimum transfer amount is \$500. Fund Facts are available for the [BF](#) and the [DIF](#) and provide additional, easy to understand information about how the funds are invested.

Quick facts

	Balanced Fund		Diversified Income Fund	
Objective	Long-term growth		Low risk return	
Risk	Higher return/more volatile		Low return/less volatile	
Performance benchmark	S&P/TSX Capped Composite Index (Cdn. Equities)	10%	FTSE Canada Universe Bond Index (Bonds & mortgages)	50.0%
	S&P 500 Index (U.S. equities)	15%	FTSE Canada 91-day T-bill Index (Short-term)	50.0%
	MSCI EAFE Index (NNA equities)	15%		
	MSCI/RealPAC Canada Quarterly Property Fund Index (PFI) (Cdn. real estate)	10%		
	CPI plus 5% (Infrastructure)	20%		
	FTSE TMX Universe Bond Index (Bonds)	14%		
	60% FTSE Canada Short-Term Bond + 40% FTSE Canada Mid-Term Bond Index + 0.5% (Mortgages)	5%		
	Absolute return of 6% (Private debt)	10%		
	FTSE Canada 91-day T-bills (Short-term)	1%		
Performance objective	Earn a rate of return that exceeds the benchmark return gross of fees		Earn a rate of return that exceeds the benchmark return gross of fees	
Investment managers	TD Asset Management Leith Wheeler Investment Counsel Ltd. Ninepoint Partners LP Fengate Asset Management		TD Asset Management	
Who should invest	Members who seek long-term growth with moderate volatility through diversification across different asset classes		Members who want to minimize market risk and preserve capital, but not recommended as a long-term investment	

Conclusion

Both the BF and the DIF are well-diversified and well-managed. Our goal is to continue to strive for maximizing investor returns while avoiding unnecessary risks. These investment choices demonstrate our commitment.

Contact information

CALL	1-800-667-7153 anywhere in Canada and the USA; Collect 1-306-463-5410 from outside of Canada and the USA.
FAX	1-306-463-3500
WRITE	Box 5555, Kindersley SK S0L 1S0
EMAIL	info@saskpension.com
WEB	saskpension.com